



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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October 9, 2012

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To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

**MOTION TO SUPPORT THE RIGHTS OF CALIFORNIA WORKERS AND THEIR UNIONS TO MAKE THEIR VOICES HEARD POLITICALLY BY NOT SUPPORTING PROPOSITION 32, SPECIAL EXEMPTIONS ACT; AND URGE ALL CALIFORNIA VOTERS TO VOTE NO ON PROPOSITON 32 ON THE NOVEMBER 6, 2012 BALLOT (SUPPLEMENTAL AGENDA ITEM NO. 23-A, MEETING OF OCTOBER 9, 2012)**

Item No. 23-A on the October 9, 2012 Supplemental Agenda is a motion by Supervisor Ridley-Thomas to support the rights of California workers and their unions to make their voices heard politically by not supporting Proposition 32 and to urge all California voters to vote no on Proposition 32 on the November 6, 2012 ballot.

Historically, County advocacy positions on ballot initiatives have been a matter of Board policy determination, as there is no existing policy to support ballot initiatives. Therefore, Board opposition to the Proposition 32 ballot initiative, which would: 1) restrict union political fundraising by prohibiting use of payroll-deducted funds for political purposes; 2) apply the same use restriction to payroll deductions, if any, by corporations or government contractors; 3) permit voluntary employee contributions to employer or union committees if authorized yearly, in writing; 4) prohibit unions and corporations from contributing directly or indirectly to candidates and candidate-controlled committees; and 5) limit government contractor contributions to elected officers or officer-controlled committees, is a matter for Board policy determination.

*"To Enrich Lives Through Effective And Caring Service"*

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## **Background**

Federal courts generally have ruled that organizations and individuals have a constitutional right, under freedom of speech, to contribute money to political campaigns. Under State campaign finance laws, there are three types of political spending:

- **Political contributions** – which includes giving money, goods, and services (1) directly to a candidate, (2) at the request of a candidate, or (3) to a committee that uses these resources to support or oppose a candidate or ballot measure;
- **Independent expenditures** – money spent to communicate support or opposition of a candidate or ballot measure if the funds are spent in a way that is not coordinated with (1) a candidate or (2) a committee established to support or oppose a candidate or ballot measure;
- **Other political spending** – includes “member communications” (spending by an organization to communicate political endorsements to its members, employees, or shareholders).

State laws place certain restrictions on the amount of political contributions individuals, groups, and businesses may contribute to a State candidate’s campaign for political office or to a candidate-controlled committee. Current law does not limit the amount of money individuals, groups or businesses may spend on independent expenditures. Both political contributions and independent expenditures must be disclosed to State or local election officials. The third type of political spending (e.g., member communications) is not limited by State law nor is it required to be disclosed to election officials.

The California Fair Political Practices Commission (FPPC) administers the State’s campaign financing laws, investigates alleged violations of the laws, imposes fines for violations of these laws, and defends these laws in court. In addition, some local governments have campaign finance and disclosure requirements for local candidates, ballot measures and officials. These ordinances are established and enforced by the local government.

Under limited circumstances, employers may withhold money from an employee’s paycheck (also known as “payroll deductions”). Some common payroll deductions include deductions for Social Security, income taxes, medical plans, and voluntary charitable contributions. Labor unions represent approximately 2.5 million workers in California, and generally pay for their activities with money raised from (1) dues charged

to union members and (2) fair share fees paid by non-union members who the union represents in the collective bargaining process. In many cases, the employers automatically deduct these dues and fees from their employees' paychecks and transfer the money to the unions.

Many unions use some of the funds that they receive from payroll deductions to support activities not directly related to the collective bargaining process. These expenditures may include political contributions and independent expenditures, as well as spending to communicate political views to union members. Non-union members may opt out from having their fair share fees used to pay for political spending and other spending not related to the collective bargaining process.

### **Proposition 32**

Proposition 32 – also known as the Political Contributions by Payroll Deduction measure – would change the State's campaign finance laws to restrict State and local campaign spending by: 1) public and private sector labor unions; 2) corporations; and 3) government contractors. The provisions of Proposition 32 would not affect campaign spending for Federal elective offices.

Specifically, Proposition 32 would:

- **Ban use of payroll deductions to financing spending for political purposes.** Proposition 32 prohibits unions, corporations, government contractors, and State and local employers from spending money deducted from an employee's paycheck for "political purposes." Under the measure, "political purposes" would include all three types of political spending discussed above as well as other expenditures to influence voters. This measure would not affect unions' existing authority to use payroll deductions to pay for other activities (including collective bargaining and political spending in federal campaigns).
- **Prohibit political contributions by corporations and unions.** Proposition 32 prohibits corporations and unions from making political contributions to candidates. In other words, they could not make contributions (1) directly to candidates or to (2) to committees that then make contributions to candidates. Proposition 32 would not affect a corporation or a union's ability to spend money on independent expenditures.
- **Limit the authority of government contractors to contribute to elected officials.** Proposition 32 prohibits government contractors (including public sector labor unions with collective bargaining contracts) from making

contributions to elected officials who play a role in awarding their contracts. Specifically, government contractors would not make contributions to these elected officials from the time their contract is being considered until the date their contract expires.

### **Legislative Analyst's Office Report**

The Legislative Analyst's Office (LAO) notes that if Proposition 32 passes, a Federal or State court may prevent the measure from going into effect on the grounds that it infringes upon various parties' constitutionally protected freedom of speech. If Proposition 32 were allowed to go into effect, its provisions would increase the workload and costs of the FPPC to implement and enforce the State's campaign finance laws. In addition, State and local governments would experience some other increased administrative costs. The LAO reports that the exact costs of these activities is unknown, but could exceed \$1.0 million annually, potentially offset in part by revenues from fines.

### **Conclusion**

Historically, County advocacy positions on ballot initiatives have been a matter of Board policy determination. **Therefore, Board opposition to the Proposition 32 ballot initiative**, which would: 1) restrict union political fundraising by prohibiting use of payroll-deducted funds for political purposes; 2) apply the same use restriction to payroll deductions, if any, by corporations or government contractors; 3) permit voluntary employee contributions to employer or union committees if authorized yearly, in writing; 4) prohibit unions and corporations from contributing directly or indirectly to candidates and candidate-controlled committees; and 5) limit government contractor contributions to elected officers or officer-controlled committees, **is a matter for Board policy determination.**

We will continue to keep you advised.

WTF:RA  
MR:AO:ma

c: Executive Office, Board of Supervisors  
County Counsel